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7

8 **IN THE SUPERIOR COURT OF THE STATE OF ARIZONA**

9 **IN AND FOR THE COUNTY OF MARICOPA**

10 STATE OF ARIZONA, *ex rel.* TERRY  
11 GODDARD, Attorney General,

12 Plaintiff,

13 vs.

14 COUNTRYWIDE FINANCIAL  
CORPORATION, a Delaware corporation;  
15 COUNTRYWIDE HOME LOANS, INC., a  
New York corporation; and FULL SPECTRUM  
16 LENDING, INC., a California corporation,

17 Defendants

Case No.:

**CONSENT JUDGMENT**

18 Plaintiff State of Arizona, *ex rel.* Terry Goddard, Attorney General, having filed a  
19 Complaint alleging violations of the Arizona Consumer Fraud Act, A.R.S. § 44-1521 *et seq.*,  
20 and Defendant Countrywide Financial Corporation, a Delaware corporation, Defendant  
21 Countrywide Home Loans, Inc., a New York corporation, and Defendant Full Spectrum  
22 Lending, Inc., a California corporation, (collectively "Defendants") having accepted service of  
23 the Complaint, having been fully advised of their right to trial in this matter, and having waived  
24 that right, admit the jurisdiction of this Court over the subject matter and the parties for the  
25  
26

1 purpose of entry of this Consent Judgment and acknowledge that jurisdiction is retained by the  
2 Court for the purpose of enforcement of the Consent Judgment.

3 I. STIPULATION

4  
5 1 Defendants have agreed to a voluntary compromise of disputed claims.

6 2 The State of Arizona and Defendants have agreed on a basis for the settlement of the  
7 matters in dispute between them.

8 3 Defendants, by entering into this Consent Judgment, neither admit nor deny any  
9 allegations or claims made by the State of Arizona.

10  
11 4 The State of Arizona and Defendants agree that this Consent Judgment does not  
12 constitute evidence or an admission regarding the existence or non-existence of any issue, fact,  
13 or violation of A.R.S. § 44-1521 et seq. This Consent Judgment is made without trial or  
14 adjudication of any issues of fact or law or finding of liability of any kind.

15  
16 5 Defendants recognize and state that this Consent Judgment is entered into voluntarily and  
17 that no promises, other than what is contained in this Consent Judgment, or threats have been  
18 made by the Arizona Attorney General's Office or any member thereof to induce Defendants to  
19 enter into this Consent Judgment.

20  
21 6 The State of Arizona and Defendants hereby waive their right to move for a new trial or  
22 otherwise seek to set aside the Consent Judgment through any collateral attack, and further  
23 waive their right to appeal from the Consent Judgment, except that the State of Arizona and  
24 Defendants, and each of them, agree that this Court shall retain jurisdiction for the purposes of  
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1 enforcement of this Consent Judgment. The State of Arizona and Defendants hereby agree to  
2 entry of the following Order.

3 II. PARTIES

4  
5 1 Plaintiff is the State of Arizona, ex rel. Terry Goddard, Attorney General, who is charged  
6 with the enforcement of the Arizona Consumer Fraud Act, A.R.S. § 44-1521 et seq.

7 2 Defendant Countrywide Financial Corporation, a Delaware corporation (õCFCö), is a  
8 thrift holding company.

9 3 Defendant Countrywide Home Loans, Inc., a New York corporation and wholly-owned  
10 subsidiary of CFC, is or was a licensed mortgage banking organization.

11 4 Defendant Full Spectrum Lending, Inc., a California corporation and wholly-owned  
12 subsidiary of CFC, is or was a licensed mortgage banking organization.

13  
14 5 Countrywide Home Loans Servicing, L.P., is a Texas limited partnership engaged in  
15 servicing loans, and as of the Consent Judgment Date is a wholly-owned subsidiary of Bank of  
16 America, National Association.

17  
18 6 On July 1, 2008, Bank of America Corporation, a Delaware corporation (õBACö),  
19 announced that it had completed its purchase of CFC, including Countrywide Home Loans, Inc.,  
20 Full Spectrum Lending, and Countrywide Home Loans Servicing, LP. In connection with the  
21 acquisition, BAC announced that it would suspend offering subprime or high cost mortgages (as  
22 described in 15 U.S.C. 1602(aa)) and nontraditional forward mortgages (other than those that are  
23 Federal Eligible) that may result in negative amortization, such as Pay Option ARMs. BAC also  
24 stated that it would, for a time, place restrictions on offering õlow documentationö and õno  
25  
26

1 documentationö mortgage loans (other than those that are Federal Eligible) and set limits on  
2 mortgage broker compensation.

3 III. ORDER AND CONSENT JUDGMENT

4 NOW, THEREFORE, based upon the advice and stipulation of the parties, and good cause  
5 appearing, **IT IS HEREBY ORDERED, ADJUDGED, AND DECREED, AS FOLLOWS:**

6 **1 DEFINITIONS.**

7 1.1 **Usage.** The following rules apply to the construction of this Consent Judgment:

8 (a) the singular includes the plural and the plural includes the singular;

9 (b) öincludeö and öincludingö are not limiting;

10 (c) the headings of the Sections and subsections are for convenience and shall  
11 not constitute a part of this Consent Judgment, and shall not affect the meaning,  
12 construction, or effect of the applicable provisions of this Consent Judgment;

13 (d) a reference in this Consent Judgment or any Schedule to a Section, Exhibit,  
14 or Schedule without further reference is a reference to the relevant Section, Exhibit, or  
15 Schedule to this Consent Judgment; and

16 (e) words such as öhereunder,ö öhereto,ö öhereof,ö and öhereinö and other  
17 words of like import shall, unless the context clearly indicates to the contrary, refer to the  
18 whole of this Consent Judgment and not to any particular Section, subsection, or clause  
19 hereof.

20 1.2 **Defined Terms.** The following capitalized terms shall have the following  
21 meanings in this Consent Judgment unless otherwise required by the context or defined:

22 öAffiliateö means, with respect to any company, any company that controls, is under  
23

1 common control with, or is controlled by such company.

2       “**Affordability Equation**” has the meaning given to such term in Section III.4.4.

3       “**Alt-A Residential Mortgage Loans**” means CFC Residential Mortgage Loans that are  
4 (a) not owned by a GSE; (b) not Subprime; (c) not a Pay Option ARM; (d) less than \$400,000 in  
5 original principal amount; and (e) including documentation or other characteristics that make  
6 such loans not Federal Eligible.  
7

8       “**Annual Increase**” means, with respect to any stated rate of interest, an annual increase  
9 in the stated rate of interest such that the aggregate scheduled payments of principal (if  
10 applicable) and interest in any year does not increase by more than 7.5% of the aggregate  
11 scheduled payments of principal and interest in the preceding year, subject to any stated interest  
12 rate cap.  
13

14       “**ARMs**” means adjustable rate first-lien residential mortgage loans.

15       “**BAC**” means Bank of America Corporation.

16       “**Borrower**” means, with respect to any owner-occupied CFC Residential Mortgage Loan,  
17 the obligors(s) on such loan. No covenant or commitment herein is intended to require a CFC  
18 Servicer to deal with more than one obligor on behalf of any Borrowers with respect thereto.  
19

20       “**CFC**” means Countrywide Financial Corporation.

21       “**CFC-Originated**” means, with respect to any residential mortgage loan, that such  
22 residential mortgage loan is a first-lien residential mortgage that was originated on a retail basis  
23 directly or indirectly by CFC or its subsidiaries or through brokers in their wholesale lending  
24 channels. “**CFC-Originated**” residential mortgage loans do not include CFC Purchased Loans.  
25  
26

1        **“CFC Purchased Loans”** means any first-lien residential mortgage loan originated by  
2 unaffiliated third parties and directly or indirectly purchased by CFC or its subsidiaries through  
3 their correspondent lending channels or otherwise, *provided* that such loan is serviced by a CFC  
4 Servicer. **“CFC Purchased Loans”** do not include CFC-Originated residential mortgage loans.

5  
6        **“CFC Residential Mortgage Loans”** means any (i) CFC-Originated first-lien residential  
7 mortgage loans, or (ii) CFC Purchased Loans, so long as, in each case, such loans are serviced  
8 by a CFC Servicer.

9  
10        **“CFC Servicer”** means CFC or any Affiliate of CFC that services CFC Residential  
11 Mortgage Loans.

12        **“CLTV”** means, with respect to a first-lien residential mortgage loan as of the time  
13 underwritten, the ratio of the sum of the unpaid principal balance of such mortgage loan *plus* the  
14 unpaid principal balance on any second-lien mortgage to the Market Value of the residential  
15 property that secures such mortgages.

16  
17        **“Commencement Date”** means October 6, 2008.

18        **“Delinquent Borrower”** means, with respect to any Borrower, that the related CFC  
19 Residential Mortgage Loan (a) is Seriously Delinquent on or before the Termination Date, or (b)  
20 is subject to an imminent reset or Recast and, in the reasonable view of the CFC Servicer, as a  
21 result of such reset or Recast is reasonably likely to become Seriously Delinquent on or before  
22 the Termination Date.

23  
24        **“Eligible Borrower”** has the meaning given to such term in Section III.4.1.

25        **“Fannie Mae”** means Federal National Mortgage Association.  
26

1        **“Fannie Rate”** means, as of any date, the Fannie Mae 30-year fixed rate 60-day delivery  
2 required net yield as of such date or if such rate is for any reason not available, a comparable  
3 rate published by another nationally recognized source.  
4

5        **“Federal Eligible”** means, with respect to any first-lien residential mortgage loan that, at  
6 the time of origination, (a) such loan is or was eligible for sale to, or guaranty or insurance by, a  
7 federal agency, GSE or comparable federally-sponsored entity similar to a GSE, under then  
8 applicable guidelines of such agency, GSE or entity, or (b) such loan was made in connection  
9 with a program intended to qualify for credit under the Community Reinvestment Act of 1977.  
10

11        **“Foreclosure Avoidance Budget”** has the meaning given to such term in Section  
12 III.4.4(a).

13        **“Foreclosure Relief Program”** means the program under which certain Borrowers will  
14 be offered payments, as set forth in Section III.6.  
15

16        **“Foundation”** has the meaning given to such term in Section III.7.

17        **“Freddie Mac”** means Federal Home Loan Mortgage Corporation.

18        **“GSE”** means a government-sponsored enterprise such as Fannie Mae or Freddie Mac.

19        **“Interest Rate Floor”** means, with respect to modification of a Qualifying Mortgage  
20 hereunder, (a) a rate of 3.5% per annum if the modification results in an interest-only payment;  
21 or (b) a rate of 2.5% per annum if the modification results in a fully amortizing payment.  
22

23        **“LTV”** means, with respect to a first-lien residential mortgage loan as of the time  
24 reviewed for eligibility for modification, the ratio of the unpaid principal balance of such  
25 mortgage loan to the Market Value of the residential property that secures such mortgage.  
26

1        **“Market Value”** means, with respect to any residential mortgage loan, the value of the  
2 residential property that secures such mortgage loan as determined by a lender or servicer in  
3 reliance on an appraisal (whether based on an appraisal report prepared not more than 180 days  
4 before the date of determination, broker price opinion prepared not more than 120 days before  
5 the date of determination or automated valuation model prepared not more than 90 days before  
6 the date of determination).

7  
8        **“Office of the Attorney General”** means the Office of the Attorney General of the State  
9 of Arizona.

10  
11        **“Pay Option ARMs”** means ARMs that, during an initial period (and subject to Recast),  
12 permit the borrower to choose among two or more payment options, including an interest-only  
13 payment and a minimum (or limited) payment.

14        **“Qualifying Mortgage”** has the meaning given to such term in Section III.4.2.

15  
16        **“Recast”** means, in the case of a Pay Option ARM, a contractual payment recast to a fully  
17 amortized payment based on a negative amortization trigger.

18        **“Relocation Assistance payment”** has the meaning given to such term in Section III.5.1.

19        **“Seriously Delinquent”** means, with respect to any residential mortgage loan, that  
20 payments of interest or principal are 60 or more days delinquent.

21  
22        **“Seriously Delinquent Borrower”** means, with respect to any Borrower that, on or before  
23 the Termination Date, the related CFC Residential Mortgage Loan is Seriously Delinquent.

24        **“Subprime 2, 3, 5, 7, and 10 Hybrid ARMs”** means Subprime Mortgage Loans that are 2,  
25 3, 5, 7, and 10 Hybrid ARMs.



1        **“Subprime Mortgage Loans”** means first-lien residential mortgage loans that combine  
2 higher risk features (such as low or no documentation, low equity, adjustable interest rates,  
3 prepayment penalties, cash-out financing) with higher risk borrower profiles (lower FICO  
4 scores, recent bankruptcies/foreclosures, major derogatory credit), resulting in a loan that could  
5 not reasonably be underwritten and approved as a “prime” loan. An existing CFC Residential  
6 Mortgage Loan would be a **“Subprime Mortgage Loan”** if it is identified as such in connection  
7 with a securitization in which it is part of the pool of securitized assets or, in the case of a CFC  
8 Residential Mortgage Loan that is not included in a securitization, was classified as being  
9 “subprime” on the systems of CFC and its subsidiaries on June 30, 2008.  
10

11        **“Termination Date”** means June 30, 2012.

12  
13 **2 CFC SOLE OBLIGOR ON ALL OBLIGATIONS IN THIS CONSENT**  
14 **JUDGMENT.**

15  
16        2.1 **Responsibility of CFC.** Until the Termination Date (or such earlier date as is  
17 specified herein), CFC is responsible to the other parties hereto for performance of all of the  
18 undertakings in this Consent Judgment, including the changes to the residential mortgage  
19 lending practices described in Section III.3, the loan modification programs described in Section  
20 III.4, the Relocation Assistance payments described in Section III.5, the Foreclosure Relief  
21 Program described in Section III.6, and the reporting obligations described in Section III.8.  
22

23        2.2 **Absence of Defenses.** It is not an excuse to the performance of the obligations of  
24 CFC hereunder that it does not directly or indirectly engage in the business of originating  
25 residential mortgage loans or in the business of servicing residential mortgage loans. CFC is  
26

1 responsible for the conduct of CFC Affiliates and CFC Servicers as specified hereunder whether  
2 or not it controls such CFC Affiliates or CFC Servicers and the absence of such control shall not  
3 be a defense to or otherwise excuse CFC's failure to perform hereunder.  
4

5       **2.3 Remedies for Failure of CFC to Cause Performance.** If there is a material failure  
6 to perform the obligations under the loan modification programs described in Section III.4, the  
7 Relocation Assistance payments described in Section III.5, the Foreclosure Relief Program  
8 described in Section III.6, or the reporting obligations described in Section III.8 and such failure  
9 is not promptly cured after notice by the Office of the Attorney General, then the Office of the  
10 Attorney General may seek enforcement of this Consent Judgment under Section III.10.4, or, in  
11 the alternative, terminate this Consent Judgment. If the Office of the Attorney General elects to  
12 terminate this Consent Judgment, it shall no longer be bound by the release set forth in Section  
13 III.9.2.  
14

### 15 **3 SERVICER PRACTICES.**

16       Until the Termination Date, CFC shall be responsible for the implementation of the  
17 following by CFC Affiliates with respect to CFC Residential Mortgage Loans with respect to  
18 Borrowers in the State of Arizona:  
19

#### 20 **3.1 Residential Mortgage Product Offerings.**

21       (a) CFC Servicers will maintain robust processes for early identification and  
22 contact with Borrowers who are having, or are reasonably expected to have, trouble  
23 making their payments on CFC Residential Mortgage Loans. Under these processes,  
24 when contact is made with such Borrowers, an individualized evaluation of the  
25  
26

1 Borrowers' economic circumstances will be made to determine if alternatives to  
2 foreclosure are available, and consistent with the directions of the investors, if applicable.

3 (b) CFC Servicers will maintain the current practice of offering loan  
4 modifications or other workout solutions to Borrowers who are 30 days or more  
5 delinquent in their payments, who desire to remain in their homes, and who can afford to  
6 make reasonable mortgage payments, subject to applicable investor guidance and  
7 approvals.  
8

9 (c) CFC's reports to the Office of the Attorney General under this Consent  
10 Judgment will include information on the numbers and types of workouts concluded on  
11 loans secured by Borrower-occupied properties in the State of Arizona.  
12

13 (d) CFC Servicers will continue the current practice of regularly monitoring the  
14 delinquency characteristics of the entire portfolio of CFC Residential Mortgage Loans,  
15 including Alt-A Residential Mortgage Loans, loans with interest-only features, and other  
16 loans to prime borrowers, to identify high-delinquency segments that may be appropriate  
17 for streamlined or non-streamlined loan modification campaigns. CFC shall be  
18 responsible for providing reports to the Office of the Attorney General on the  
19 delinquency characteristics of such loans, as provided herein.  
20

21 (e) With respect to Alt-A Residential Mortgage Loans, CFC acknowledges that  
22 the Office of the Attorney General has expressed concerns about future delinquencies,  
23 and agrees to provide the Office of the Attorney General notification whenever the  
24 nationwide rate at which Borrowers on Alt-A Residential Mortgage Loans are 30 days or  
25  
26

1 more delinquent in their payments exceeds 150% of the delinquency rate for comparably-  
2 aged FHA-insured loans serviced by CFC Servicers. If such notice is required, CFC  
3 agrees to confer with the Office of the Attorney General concerning Alt-A Residential  
4 Mortgage Loans delinquency trends, including whether delinquencies are isolated in  
5 certain segments of the Alt-A Residential Mortgage Loans portfolio (*e.g.*, loans with  
6 interest-only features, loans originated at high CLTV), and concerning the possible  
7 deployment of streamlined foreclosure avoidance solutions for such Borrowers.  
8

9 (f) Through July 1, 2009, a minimum of 3900 personnel shall be employed to  
10 assist Borrowers with loan modifications and other foreclosure avoidance measures.  
11

12 (g) CFC Servicers will ensure that the values in any AVM system used to  
13 generate electronic appraisals are regularly updated and periodically validated so as to  
14 provide reasonable assurance as to the accuracy of resulting valuations. Any validation  
15 will, as appropriate, include back-testing of a representative sample of valuations against  
16 market data on actual sales (where sufficient information is available).  
17

18 (h) Although the scope of the loan modification program in this Consent  
19 Judgment is limited to certain first lien Qualifying Mortgages, CFC acknowledges that (i)  
20 many Eligible Borrower-occupied 1-to-4 unit residential properties are subject to second  
21 lien mortgages and (ii) the existence of such junior liens may reduce the incentive of  
22 Borrowers to remain in their homes and may impair Eligible Borrowers' ability to  
23 refinance Qualifying Mortgages. CFC confirms that it is engaged in developing best  
24 servicing practices with respect to first lien Qualifying Mortgages secured by Eligible  
25  
26

1 Borrower-occupied 1-to-4 unit residential properties that are subject to second lien  
2 mortgages.

3 3.2 **Compliance.** Understanding the circumstances and behaviors of lenders and  
4 brokers that may have contributed, in part, to the current mortgage crisis, CFC recognizes its  
5 responsibility to ensure the very highest degree of ethical conduct on the part of CFC's agents  
6 and employees. CFC shall ensure that, (a) to the extent it resumes subprime lending, it will  
7 design and implement an effective compliance management program to provide reasonable  
8 assurance as to the identification and control of consumer protection hazards associated with  
9 such subprime lending activities, and (b) to the extent of its own lending activities (if any), it  
10 will create appropriate consumer safeguards to avoid unfair or deceptive activities or practices  
11 arising in connection with its interaction with brokers and other third parties.

#### 14 **4 LOAN MODIFICATIONS FOR DELINQUENT BORROWERS IN CERTAIN** 15 **MORTGAGE PRODUCTS.**

16  
17 Until the Termination Date, CFC shall be responsible for ensuring that CFC Servicers  
18 attempt, on an ongoing basis, to qualify eligible Borrowers in specified mortgage products for  
19 affordable loan modifications in accordance with the following provisions:

20 4.1 **Eligible Borrowers.** An "**Eligible Borrower**" is a Borrower who has a Qualifying  
21 Mortgage with a first payment date on or before December 31, 2007, that (a) is secured by an  
22 owner-occupied 1-to-4 unit residential property, (b) is serviced by a CFC Servicer, and (c) in the  
23 event that it is determined that a condition described in Section III.4.10 has occurred, the  
24 applicable CFC Servicer has determined that such Borrower is in financial distress. Eligible  
25  
26

1 Borrowers are potentially eligible for loan modification relief under this Section III.4. A  
2 Borrower who does not occupy the 1-to-4 unit residential property that secures the Qualifying  
3 Mortgage is not an *Eligible Borrower*.

4  
5 4.2 ***Qualifying Mortgages.*** The following CFC Residential Mortgage Loans are  
6 *Qualifying Mortgages* if the Borrower is an Eligible Borrower and the Borrower meets one of  
7 the specified delinquency profiles:

8 (a) ***Subprime 2, 3, 5, 7, and 10 Hybrid ARMs.*** A Subprime 2, 3, 5, 7, and 10  
9 Hybrid ARM shall be a Qualifying Mortgage if the Eligible Borrower meets any one of  
10 the following delinquency profiles at the time considered for loan modification:  
11

12 (i) The Eligible Borrower is a Seriously Delinquent Borrower and the  
13 LTV is 75% or more; or

14 (ii) The Eligible Borrower is a Delinquent Borrower and the LTV is  
15 75% or more.  
16

17 (b) ***Pay Option ARMs.*** A Pay Option ARM shall be a Qualifying Mortgage if  
18 the Eligible Borrower meets any one of the following delinquency profiles at the time  
19 considered for loan modification:  
20

21 (i) The Eligible Borrower is Seriously Delinquent and the LTV is 75%  
22 or more; or

23 (ii) The Eligible Borrower is a Delinquent Borrower and the LTV is  
24 75% or more.  
25

26 (c) ***Subprime First Mortgage Loans (Other than Subprime 2, 3, 5, 7, and 10***

1       **Hybrid ARMs**). A Subprime CFC Residential Mortgage Loan shall be a Qualifying  
2       Mortgage if the Eligible Borrower is a Seriously Delinquent Borrower and the LTV is  
3       75% or more.

4       4.3   **Loan Modifications to Be Considered.** Each Eligible Borrower shall be  
5       considered for a range of affordable loan modification options with respect to his or her  
6       Qualifying Mortgage. The loan modification options will include those described below and  
7       existing modification options, subject in each case to approval of the investor who owns the  
8       Qualifying Mortgage and the Affordability Equation as set forth in Section III.4.4. Loan  
9       modification options for each category of Qualifying Mortgages are as follows:  
10       

11       (a)   **Subprime 2, 3, 5, 7, and 10 Hybrid ARMs.** Qualifying Mortgages that are  
12       Subprime 2, 3, 5, 7, and 10 Hybrid ARMs will be eligible for loan modifications as  
13       follows, in no particular order:  
14       

15           (i)   To the extent the HOPE for Homeowners Program is available, an  
16       FHA refinancing under the HOPE for Homeowners Program under the  
17       underwriting criteria applicable to that program.  
18       

19           (ii)   For Eligible Borrowers (A) who become Seriously Delinquent  
20       following a reset, or (B) who are subject to an imminent reset and, in the  
21       reasonable view of the CFC Servicer, as a result of such reset are reasonably likely  
22       to become Seriously Delinquent on or before the Termination Date (even though  
23       they are not Seriously Delinquent at the time of the modification), an unsolicited  
24       (subject to Section III.4.10) restoration of the introductory rate for five years,  
25

1 without new loan documentation or an evaluation of the Eligible Borrower's  
2 current income. Communications to Eligible Borrowers informing them of this  
3 modification will invite Eligible Borrowers to contact the applicable CFC Servicer  
4 if they do not believe they will be able to afford the introductory rate in order to be  
5 considered for more extensive relief under Sections III.4.3(a)(iii) or III.4.3(a)(iv).  
6

7 (iii) A streamlined, fully-amortizing loan modification subject to the  
8 Affordability Equation consisting of:

9 (A) until the fifth anniversary of the loan modification, a  
10 reduction of the interest rate to the (1) introductory rate or (2) lower (but  
11 not less than 3.5%); and  
12

13 (B) on the fifth anniversary of the loan modification, an automatic  
14 conversion to a fixed rate mortgage for the remainder of the loan term at the  
15 higher of (1) the Fannie Rate and (2) the introductory rate. If the new  
16 payment would not be affordable to the Eligible Borrower based on his or  
17 her income at the time of conversion, the Eligible Borrower will be  
18 considered for a single two year period of reduced-rate financing (in which  
19 case the conversion to a fixed rate mortgage will occur at the end of the  
20 seventh year).  
21

22 (iv) A streamlined loan modification subject to the Affordability  
23 Equation consisting of:  
24

25 (A) modification of the Qualifying Mortgage to include a ten-year  
26



1 interest-only period;

2 (B) reduction of the interest rate to a rate no lower than the  
3 Interest Rate Floor, with an Annual Increase subject to an interest-rate cap  
4 as provided below in Section III.4.3(a)(iv)(C); and  
5

6 (C) an interest-rate cap for the remaining, fully-amortizing term  
7 of the Qualifying Mortgage at an annual interest rate equal to the  
8 introductory rate.

9 (b) ***Pay Option ARMs.*** Qualifying Mortgages that are Pay Option ARMs are  
10 eligible for the following loan modifications, in no particular order:  
11

12 (i) To the extent the HOPE for Homeowners Program is available, an  
13 FHA refinancing under the HOPE for Homeowners Program under the  
14 underwriting criteria applicable to that program; or  
15

16 (ii) A streamlined, fully-amortizing (except as provided in Section  
17 III.4.3(b)(ii)(B)) loan modification subject to the Affordability Equation consisting  
18 of:

19 (A) elimination of the negative amortization feature;

20 (B) optional introduction of a ten-year interest-only period on the  
21 loan;  
22

23 (C) reduction of the interest rate to a rate no lower than the  
24 Interest Rate Floor, with an Annual Increase subject to an interest rate cap  
25 of 7%; and  
26

1 (D) if the Eligible Borrower owns only one residential property  
2 and the LTV is 95% or higher, a write down of the principal balance of the  
3 Qualifying Mortgage (but any write down of principal would not be in an  
4 amount greater than necessary to achieve an LTV of 95%).

5  
6 (c) ***Subprime Loans (Other than 2, 3, 5, 7, and 10 Hybrid ARMs)***. Qualifying  
7 Mortgages that are Subprime Loans (Other than 2, 3, 5, 7, and 10 Hybrid ARMs) are  
8 eligible for the following loan modifications, in no particular order:

9 (i) To the extent the HOPE for Homeowners Program is available, an  
10 FHA refinancing under the HOPE for Homeowners Program under the  
11 underwriting criteria applicable to that program; or

12 (ii) A streamlined, fully-amortizing (except as provided in Section  
13 III.4.3(c)(ii)(A)) loan modification within the limits of the Affordability Equation  
14 consisting of:

15 (A) optional introduction of a ten-year interest-only period on the  
16 loan;

17 (B) reduction of the interest rate on the mortgage to a rate no  
18 lower than the Interest Rate Floor, with an Annual Increase subject to an  
19 interest rate cap as provided below in Section III.4.3(c)(ii)(C); and

20 (C) an interest-rate cap for the remaining term of the Qualifying  
21 Mortgage at an annual interest rate equal to (i) the fixed interest rate *less*  
22 200 basis points, in the case of fixed-rate loans, and (ii) the remainder of  
23  
24  
25  
26

1 the sum of the contractual index amount *plus* spread immediately before the  
2 first loan modification, *minus* 200 basis points, in the case of an ARM.

3 4.4 ***Affordability Equation.*** Qualifying Mortgages will be considered for loan  
4 modifications in accordance with the following Affordability Equation, which establishes a  
5 Foreclosure Avoidance Budget that is a cap on the cost of the loan modification.  
6

7 (a) ***Foreclosure Avoidance Budget.*** Except for Eligible Borrowers who  
8 receive an unsolicited reduction of their interest rates pursuant to Section III.4.3(a)(ii), a  
9 Foreclosure Avoidance Budget will be prepared with respect to the Eligible Borrower and  
10 the Qualifying Mortgage. The *Foreclosure Avoidance Budget* at any time is the  
11 difference between (i) the likelihood and severity of the projected loss in a foreclosure  
12 sale and (ii) the likelihood and severity of the projected loss in the event that there was a  
13 loan modification with respect to the Qualifying Mortgage and a later foreclosure sale.  
14 For purposes of determining the Foreclosure Avoidance Budget for a Qualifying  
15 Mortgage, the LTV will be based on the Market Value.  
16  
17

18 (b) ***Affordability Criteria.***

19 (i) Subject to the Foreclosure Avoidance Budget, if tax and insurance  
20 escrows are maintained with respect to the Qualifying Mortgage, the Eligible  
21 Borrower will be offered a loan modification that produces a first-year payment of  
22 principal (if applicable), interest, taxes, and insurance equating to 34% of the  
23 Eligible Borrower's income, or as close to 34% of the Eligible Borrower's income  
24  
25  
26

1 as the Foreclosure Avoidance Budget permits without exceeding 42% of the  
2 Eligible Borrower's income.

3 (ii) Subject to the Foreclosure Avoidance Budget, if tax and insurance  
4 escrows are not maintained with respect to a Qualifying Mortgage, the Eligible  
5 Borrower will be offered a loan modification that produces a first-year payment of  
6 principal (if applicable) and interest equating to 25% of the Eligible Borrower's  
7 income, or as close to 25% of the Eligible Borrower's income as the Foreclosure  
8 Avoidance Budget permits without exceeding 34% of the Eligible Borrower's  
9 income.  
10  
11

12 (c) ***Borrowers Who Cannot Afford a Loan Modification.*** There is no  
13 obligation to offer loan modifications with respect to Qualifying Mortgages if the Eligible  
14 Borrower cannot be qualified under the Affordability Equation. Such Eligible Borrowers  
15 may be eligible for a Relocation Assistance payment and/or a payment under the  
16 Foreclosure Relief Program, all as provided in Sections III.5 and III.6.  
17

18 4.5 ***Outreach to Borrowers at Risk of Delinquency.*** Borrowers with Subprime  
19 Mortgage Loans or Pay Option ARMs with first-payment due dates between January 1, 2004  
20 and December 31, 2007, whose payments are scheduled to change as a result of an interest-rate  
21 reset, Recast, or expiration of an interest-only term, will be sent a communication approximately  
22 ninety (90) days before the payment change inviting them to contact their CFC Servicer if they  
23 believe they will not be able to afford their new payments. In the event that a borrower responds  
24 to this communication, the borrower will be considered for loan modifications under the  
25  
26

1 eligibility criteria in this Consent Judgment.

2 4.6 ***Restrictions on Initiation or Advancement of Foreclosure Process for Eligible***  
3 ***Borrowers.***

4 (a) The foreclosure process for a Qualifying Mortgage of an Eligible Borrower  
5 will not be initiated or advanced for the period necessary to determine such Eligible  
6 Borrower's interest in retaining ownership and ability to afford the revised mortgage  
7 terms, as well as the investor's willingness to accept a loan modification.  
8

9 (b) Any such foreclosure process will be initiated or advanced only if:

10 (i) it is determined, based on communication with the Borrower or  
11 based on the Borrower's abandonment of the residential property that secures the  
12 mortgage loan, that the Borrower does not wish to retain ownership of the  
13 residence that secured the mortgage loan;  
14

15 (ii) it is or has been determined that the Borrower cannot be qualified  
16 for, or has refused, a loan modification under this Consent Judgment within the  
17 limits of the Affordability Equation, as applicable; or  
18

19 (iii) despite reasonable efforts, servicing agents have been unable to  
20 make contact with the borrower to determine his or her preferences with regard to  
21 home ownership, or to obtain information concerning his or her income and ability  
22 to afford a mortgage payment under a modification.  
23

24 4.7 ***Miscellaneous Provisions Related to Loan Modification Program.***

25 (a) ***Commitment to Waive Late/Delinquency Fees.*** Late/delinquency fees will  
26

1 be waived to the extent they arise with respect to past due loan payments that remain  
2 unpaid as of the date immediately before modification of the Qualifying Mortgage under  
3 this Consent Judgment. Late/delinquency fees will not be waived to the extent they arise  
4 with respect to loan payments that were previously past due but were subsequently paid  
5 prior to the date immediately before modification.  
6

7 (b) ***Commitment Not to Charge Loan Modification Fees.*** Except to the extent  
8 required in connection with the HOPE for Homeowners Program, Eligible Borrowers will  
9 not be charged loan modification fees in connection with loan modifications of  
10 Qualifying Mortgages hereunder.  
11

12 (c) ***Prepayment Penalty Waivers.*** Prepayment penalties will be waived in  
13 connection with any payoff or refinancing (even if refinanced by a person not Affiliated  
14 with CFC) of a Qualifying Mortgage that is a Subprime Mortgage Loan or Pay Option  
15 ARM that (i) had a first payment due date between January 1, 2004 and December 31,  
16 2007, (ii) was directly or indirectly held by CFC on June 30, 2008, and (iii) which at the  
17 time of the payoff or refinancing is held by CFC or any Affiliate. Investor owners or their  
18 representatives of Qualifying Mortgages that are Subprime Mortgage Loans or Pay  
19 Option ARMs serviced by a CFC Servicer will be encouraged to waive prepayment  
20 penalties in such circumstances.  
21  
22

23 (d) ***Commitment to Consider Additional Relief for Borrowers Receiving***  
24 ***Modifications and Later Becoming Delinquent.*** Eligible Borrowers with respect to  
25 Qualifying Mortgages who have earlier received loan modifications or other workouts,  
26

1 whether or not pursuant to this Consent Judgment, will be eligible to be considered for  
2 new loan modification offers under this Consent Judgment if they otherwise satisfy the  
3 eligibility criteria.

4  
5 (e) ***Representation Concerning Investor Delegation and Approval.*** CFC  
6 represents that CFC Servicers currently have, or reasonably expect to obtain, discretion to  
7 pursue the foreclosure avoidance measures outlined in this Consent Judgment for a  
8 substantial majority of Qualifying Mortgages. If CFC Servicers do not have discretion to  
9 pursue these foreclosure avoidance measures, best efforts will be used to obtain  
10 appropriate investor authorization.  
11

12 4.8 ***Commitment to Implement Relief Measures Authorized by Federal Government.***

13 To the extent the federal government acquires any Qualifying Mortgages and, as the owner of  
14 these mortgages, authorizes loan modifications that offer borrower benefits greater than those  
15 associated with the modifications outlined in this Consent Judgment, such relief measures will  
16 be pursued in modifying such Qualifying Mortgages to the full extent of such authorization.  
17

18 4.9 ***Timeframe for Loan Modification Process.*** The loan modification process will be  
19 managed to ensure that offers of loan modifications under this Consent Judgment (other than  
20 unsolicited interest rate reductions) are made to Eligible Borrowers, on average, no more than 60  
21 days after such Eligible Borrowers make contact with the applicable CFC Servicer and provide  
22 any required information concerning a possible modification.  
23

24 4.10 ***Response to Intentional Nonperformance by Borrowers.*** If CFC detects material  
25 levels of intentional nonperformance by Eligible Borrowers that appears to be attributable to the  
26

1 introduction of the loan modification program, it reserves the right to require objective  
2 prequalification of Eligible Borrowers for loan modifications under the program by obtaining  
3 verification of all sources of income and the application of funds and to take other reasonable  
4 steps. Such prequalification could result in the elimination of unsolicited interest rate reductions,  
5 inhibit streamlined solutions and could otherwise significantly slow implementation of the loan  
6 modification program.

8       4.11 ***No Releases with Respect to Loan Modifications.*** In connection with loan  
9 modifications offered under this Consent Judgment, no releases of claims will be solicited or  
10 required from Eligible Borrowers.

12       4.12 ***Number of Loan Modification Offers before March 31, 2009.*** On or before  
13 March 31, 2009, loan modifications will be offered by CFC Servicers in accordance with this  
14 Consent Judgment to not fewer than 50,000 Delinquent Borrowers on a nationwide basis. The  
15 Office of the Attorney General may terminate the Agreement and no longer be bound by the  
16 release set forth in Section III.9.2 if there is a material failure to satisfy this commitment. If the  
17 Office of the Attorney General terminates this Agreement, any unspent portion of the  
18 Foreclosure Relief Program allocation that has been reserved by the Office of the Attorney  
19 General for purposes other than making payments to Borrowers as provided in Section III.6 of  
20 this Consent Judgment will be repaid to CFC.

23       4.13 ***Second or Junior Liens.*** Loan modifications contemplated in Section III.4 of this  
24 Consent Judgment shall be made without consideration of second or junior liens on mortgaged  
25 properties. CFC does not expect that the presence of second or junior liens will impede Eligible  
26



1 Borrowers from receiving a loan modification offer under Section III.4 of this Consent  
2 Judgment.

3 **5 RELOCATION ASSISTANCE PROGRAM.**

4 Through the Termination Date, payments will be provided to borrowers who are unable  
5 to retain their homes in accordance with this Section III.5.

6  
7 5.1 **Eligibility.** Borrowers under CFC Residential Mortgage Loans who (a) were  
8 serviced by a CFC Servicer on June 30, 2008 (whether or not they are Qualifying Mortgages),  
9 (b) occupy a 1-to-4 unit residential property subject to servicing by a CFC Servicer on the date  
10 of determination of eligibility hereunder, and (c) are subject to a foreclosure sale date on or  
11 before the Termination Date, will be offered an agreement under which they can receive a cash  
12 payment to assist with the Borrower's transition to a new place of residence (*Relocation*  
13 *Assistance payment*) in exchange for voluntarily and appropriately surrendering the residence  
14 that, at the time of the foreclosure sale, secured the Borrower's mortgage loan. Borrowers who  
15 are eligible for, or receive, payments under the Foreclosure Relief Program may also receive a  
16 Relocation Assistance payment.  
17  
18

19 5.2 **Amount.** The amount of Relocation Assistance payments offered to any Borrower  
20 will be in the discretion of CFC or its delegee according to its or their assessment of the  
21 individual circumstances of the Borrower (e.g., number of dependents or amount of moving  
22 expenses).  
23

24 5.3 **Timing of Payments.** Relocation Assistance payments shall be made to a  
25 Borrower no later than fourteen days following the Borrower's voluntary and appropriate  
26

1 surrender of the residence that secured the mortgage loan.

2       5.4    ***Payment Projection.*** CFC projects that, from October 1, 2008, through December  
3 31, 2010, Relocation Assistance payments will be made to 35,000 borrowers on a nationwide  
4 basis in a total amount of more than \$70,000,000.

5  
6 **6       FORECLOSURE RELIEF PROGRAM.**

7       Payments shall be made available to borrowers who experienced a foreclosure sale, or  
8 who were 120 days or more delinquent in making mortgage payments soon after their loans  
9 were originated or after an interest rate reset, in accordance with this Section III.6.

10  
11       6.1    ***Payment.*** CFC shall make available \$4,098,299, 50% of which shall be for  
12 payments to borrowers within the State of Arizona, and 50% shall be payable to the Attorney  
13 General for foreclosure relief/mitigation or related programs consistent with this Section III.6.

Deleted: or otherwise

14       6.2    ***Individual Allocation.*** Unless otherwise directed by the Office of the Attorney  
15 General in accordance with Section 6.3 hereof, a Borrower will be eligible for payments under  
16 the Foreclosure Relief Program if the Borrower:

- 17           (a)   Has a CFC-Originated Residential Mortgage Loan secured by owner-  
18 occupied property;  
19  
20           (b)   The first payment on the CFC-Originated Residential Mortgage Loan was  
21 due between January 1, 2004 and December 31, 2007;  
22  
23           (c)   Six or fewer payments were made on the CFC-Originated Residential  
24 Mortgage Loan; and  
25  
26           (d)   The CFC-Originated Residential Mortgage Loan was foreclosed or is 120

1 days or more delinquent as of the Commencement Date.

2 6.3 **Expansion or Contraction of the Foreclosure Relief Program; Reservation of**  
3 **Funds for Other Purposes.** The Office of the Attorney General may expand the Foreclosure  
4 Relief Program to cover additional Borrowers or limit the Foreclosure Relief Program to cover a  
5 narrower range of Borrowers, provided that at least those eligible Borrowers who made three or  
6 fewer payments over the life of the CFC-Originated Residential Mortgage Loan are covered. If  
7 the Office of the Attorney General elects to expand or contract the program, the amount  
8 allocated to the State of Arizona will remain the same. 50% of the sum allocated to the State of  
9 Arizona shall be payable to the Attorney General for foreclosure relief/mitigation or related  
10 programs other than payments to defaulted Borrowers, including purchasing or rehabilitating  
11 foreclosed properties.  
12  
13

**Deleted:** The Office of the Attorney  
General may reserve as much as

14 6.4 **Communications.** CFC and the Office of the Attorney General shall consult as to  
15 the form and content of any communication sent to Borrowers who are to receive Foreclosure  
16 Relief Program payments.  
17

18 6.5 **Unallocated Funds.** Funds allocated to Borrowers in the State of Arizona who  
19 choose not to participate in the Foreclosure Relief Program or who cannot be located after  
20 commercially reasonable efforts shall be available to the Office of the Attorney General for re-  
21 allocation to Borrowers under this program at the direction of the Office of the Attorney  
22 General.  
23

24 6.6 **Release.** In order to receive payments under the Foreclosure Relief Program,  
25 Borrowers will be required to execute a release in accordance with Section III.9.1. Borrowers  
26

1 offered payments under this Foreclosure Relief Program whose loans have not yet been  
2 foreclosed shall be afforded at least a three month period to decide whether to execute the  
3 release to permit them to determine whether they wish to raise claims covered by the release.  
4

5 **7 BANK OF AMERICA FOUNDATION COMMUNITY INVESTMENT**  
6 **ACTIVITIES**

7 The parties understand that, while the Bank of America Foundation (“**Foundation**”) is  
8 not a party to, or in any way bound by, this Consent Judgment, the Foundation intends to work  
9 actively with non-profit organizations, community development corporations, and others in  
10 addressing the adverse effects of the current housing crisis, particularly by promoting  
11 community redevelopment and facilitating the application of Housing and Economic Recovery  
12 Act funds to beneficial usage of real estate owned properties. CFC commits to collaborate in  
13 good faith with the Office of the Attorney General to identify ways in which CFC can support or  
14 complement the Foundation’s efforts.  
15

16  
17 **8 REPORTING REQUIREMENTS.**

18 8.1 *Eligible Borrowers in Qualifying Mortgages.*

19 (a) On a quarterly basis through June 30, 2010, CFC shall report the following  
20 information to the Office of the Attorney General:

21 (i) The names and addresses of Eligible Borrowers in the State of  
22 Arizona in Qualifying Mortgages who received loan modification offers under this  
23 Consent Judgment, and for whom loan modifications were concluded;  
24  
25  
26

1 (ii) For loan modifications offered or concluded under this Consent  
2 Judgment, the total dollar amount of interest and principal expected to be saved by  
3 Borrowers as a result of such modifications over the life of the loans;  
4

5 (iii) For all loan modifications under this Consent Judgment concluded  
6 within the reporting period in the State of Arizona, the original and modified loan  
7 terms, and the amounts of late/delinquency fees waived, loan modification fees  
8 waived, and prepayment penalties waived by CFC pursuant to this Consent  
9 Judgment;  
10

11 (iv) For a sample of Eligible Borrowers in Qualifying Mortgages for  
12 whom CFC was unable to procure a loan modification offer under this Consent  
13 Judgment during the reporting period (which sample shall be no less than 5% of  
14 all such Eligible Borrowers), the factors preventing a loan modification offer;  
15

16 (v) The number and total amount of Relocation Assistance payments or  
17 Foreclosure Relief payments made to Borrowers in the State of Arizona during the  
18 reporting period;  
19

20 (vi) Delinquency data on active loans with first payment due dates  
21 between January 1, 2004 and December 31, 2007 that are secured by Borrower-  
22 occupied residential property in the State of Arizona, broken down by type of  
23 loan; and  
24  
25  
26

1 (vii) Aggregated delinquency/default data on all loans modified under  
2 this Consent Judgment for Eligible Borrowers in the State of Arizona, separated  
3 by type of modification.  
4

5 (b) CFC shall provide annual reports to the Office of the Attorney General, that  
6 include the information specified in Section III.8.1(a) for the periods July 1, 2010 through  
7 June 30, 2011, and July 1, 2011 through June 30, 2012.

8 8.2 ***Other Loan Modifications.*** With the same frequency as specified in Section  
9 III.8.1, CFC will provide to the Office of the Attorney General a report detailing the numbers  
10 and types of modifications concluded on first-lien residential mortgage loans secured by  
11 Borrower-occupied property in the State of Arizona (other than Qualifying Mortgages) and the  
12 total unpaid principal balance of such modified loans.  
13

14 8.3 ***Best Servicing Practices for Modifying First Lien Qualifying Mortgages on***  
15 ***Residential Property Subject to Second Lien Mortgages.*** CFC will periodically report to the  
16 Office of the Attorney General on its progress in developing best servicing practices as  
17 described in Section III.3.1(h).  
18

19 8.4 ***Compliance Monitor.*** CFC will appoint an employee as the Compliance Monitor  
20 for this Consent Judgment. The Compliance Monitor will be responsible for (a) making reports  
21 to the Office of the Attorney General under this Consent Judgment and (b) receiving and  
22 responding to complaints from the Office of the Attorney General or from individual borrowers  
23 concerning the operation of the loan modification program.  
24

25 **9 RELEASES; MORE FAVORABLE SETTLEMENTS.**  
26

1           9.1   ***Releases from Borrowers.*** Borrowers to whom payments under the Foreclosure  
2 Relief Program are offered shall, as a condition of receiving such payments, be required to  
3 execute and return to CFC a release of claims that includes the following language:

4           In consideration for the payment we are to receive under the Foreclosure Relief Program, we  
5 release Countrywide Financial Corporation and its affiliates and their respective directors,  
6 officers, employees and agents (except brokers) from all civil claims, causes of action, any  
7 other right to obtain any type of monetary damages (including punitive damages), expenses,  
8 attorneys' and other fees, rescission, restitution or any other remedies of whatever kind at  
9 law or in equity, in contract, in tort (including, but not limited to, personal injury and  
10 emotional distress), arising under any source whatsoever, including any statute, regulation,  
11 rule, or common law, whether in a civil, administrative, arbitral or other judicial or non-  
12 judicial proceeding, whether known or unknown, whether or not alleged, threatened or  
13 asserted by us or by any other person or entity on our behalf, including any currently pending  
14 or future purported or certified class action in which we are now or may hereafter become a  
15 class member, that arise from or are in any way related to CFC Loan No. [\_\_\_\_\_] and any  
16 loans originated directly or indirectly by Countrywide Financial Corporation or its affiliates  
17 in connection therewith that are secured by a second mortgage, including, without limitation,  
18 the origination of any such loan (and any representations or omissions made during that  
19 origination process), the terms and conditions of any such loan, and the servicing or  
20 administration of any such loan after its origination; provided, however, that nothing herein  
21 shall bar the assertion of any released claim solely as an affirmative defense to any claim  
22  
23  
24  
25  
26

1 against us for a deficiency in respect of any such loan, but in no event shall we be permitted  
2 to obtain an affirmative recovery in any such deficiency action.

3  
4 9.2 **Release.** As to CFC and its Affiliates, this Consent Judgment effects a full  
5 resolution, complete settlement, and release by the Office of the Attorney General of all claims  
6 arising out of the residential mortgage origination or servicing activities of CFC and its  
7 subsidiaries occurring before entry of this Consent Judgment that are within the authority of the  
8 Office of the Attorney General to release, except for (i) any claims that the State of Arizona  
9 might have as an investor in CFC securities; (ii) any regulatory or enforcement proceedings by  
10 or on behalf of another State of Arizona officer or agency; (iii) any claims or investigations  
11 identified to CFC by the Office of the Attorney General; and (iv) any criminal investigations or  
12 proceedings. This Consent Judgment does not resolve or release, but instead specifically  
13 preserves, any claims the State of Arizona may have against Angelo Mozilo or David Sambol.  
14  
15

16 9.3 **More Favorable Terms.** The parties agree that should CFC resolve allegations  
17 concerning the conduct covered by this Consent Judgment which occurred before the date of this  
18 Consent Judgment in actions brought by Attorneys General of other states on terms that are  
19 different than those contained in this Consent Judgment (other than terms offered by CFC but  
20 not accepted by the Office of the Attorney General), then CFC will provide a copy of those  
21 terms to the Office of the Attorney General for review. If, after review, the Office of the  
22 Attorney General determines the terms of such resolutions are, taken as a whole, more favorable  
23 than those contained in this Consent Judgment, then CFC shall stipulate that this Consent  
24 Judgment shall be amended to reflect all of such terms in place of the terms hereof.  
25  
26



1 **10 OTHER TERMS AND CONDITIONS**

2 10.1 **No Admission.** The Agreement shall not constitute an admission of wrongdoing  
3 by BAC, CFC, Countrywide Home Loans, Inc. or Full Spectrum Lending, Inc., nor shall it be  
4 cited as such by the Office of the Attorney General. The Agreement shall not be admissible in  
5 any other proceeding as evidence of wrongdoing or a concession of responsibility.  
6

7 10.2 **Confidentiality.** The Office of the Attorney General agrees that all confidential  
8 information disclosed to it by BAC or CFC or any of their Affiliates, including but not limited to  
9 the periodic reports that will be provided pursuant to Section III.8, shall be kept confidential;  
10 provided, however, that the following information reported to the Office of the Attorney General  
11 on a periodic basis shall not be deemed confidential to the extent aggregated for Borrowers in  
12 the State of Arizona for a full reporting period: (a) the total number of loans modified, (b) the  
13 total number of loans modified, by type of loan, (c) the total dollar amount of interest and  
14 principal expected to be saved by Borrowers as a result of such modifications over the life of the  
15 loans, and (d) the total dollar amount of payments under Sections III.5 and III.6 of this Consent  
16 Judgment to Borrowers. The Office of the Attorney General shall not disclose or use any  
17 confidential information without the prior written consent of the disclosing party, except to the  
18 extent required by law, regulation or court order (and in such case, only upon prior written  
19 notice to the disclosing party).  
20  
21  
22

23 10.3 **Submission to Jurisdiction for Limited Purpose.** Defendants submit to the  
24 jurisdiction of the court in the State of Arizona for the limited purpose of entering into and  
25 enforcing this Consent Judgment only. Any acts, conduct or appearance by Defendants does not  
26

1 constitute and shall not be construed as a submission to the general jurisdiction of any court in  
2 the State of Arizona for any purpose whatsoever.

3       10.4 ***Enforcement.*** This Court shall retain jurisdiction over this matter for the purposes  
4 of (a) enabling the Office of the Attorney General to apply, at any time, for enforcement of any  
5 provision of this Consent Judgment and for sanctions or other remedies for any violation of this  
6 Consent Judgment; and (b) enabling any party to this Consent Judgment to apply, upon giving  
7 45 days written notice to all other parties, for such further orders and directions as might be  
8 necessary or appropriate either for the construction or carrying out of this Consent Judgment or  
9 for the modification or termination of one or more injunctive provisions of this Consent  
10 Judgment.

11       10.5 ***Conflict with Subsequent Law.*** In the event that any applicable law conflicts with  
12 any provision hereof, making it impossible for CFC to comply both with the law and with the  
13 provisions of this Consent Judgment, the provisions of the law shall govern.

14       10.6 ***No Third Party Beneficiaries Intended.*** This Consent Judgment is not intended to  
15 confer upon any person any rights or remedies, including rights as a third party beneficiary. This  
16 Consent Judgment is not intended to create a private right of action on the part of any person or  
17 entity other than the parties hereto.

18       10.7 ***Service of Notices and Process.*** Service of notices and process required or  
19 permitted by this Consent Judgment or its enforcement shall be in writing and delivered or  
20 served (as appropriate) on the following persons, or any person subsequently designated by the  
21 parties:  
22

1 **For BAC and Defendants:**

2 John Beisner  
3 Brian Boyle  
4 O'MELVENY & MYERS LLP  
1625 Eye Street, N.W.  
Washington, D.C. 20006

5 **For the Office of the Attorney General:**

6 [ ]  
7 [ ]  
8 [ ]

9 Any party may change the designated persons and address for delivery with respect to  
10 itself by giving notice to the other parties as specified herein.

11 10.8 **Waiver.** The failure of any party to exercise any rights under this Consent  
12 Judgment shall not be deemed a waiver of any right or any future rights.

13 10.9 **Severability.** If any part hereof shall for any reason be found or held invalid or  
14 unenforceable by any court of competent jurisdiction, such invalidity or unenforceability shall  
15 not affect the remainder hereof, which shall survive and be construed as if such invalid or  
16 unenforceable part had not been contained herein.

17  
18 10.10 **Counterparts.** This Consent Judgment may be signed in one or more counterparts,  
19 each of which shall be deemed an original. Facsimile copies of this Consent Judgment and the  
20 signatures hereto may be used with the same force and effect as an original.

21  
22 10.11 **Inurement.** This Consent Judgment is binding and inures to the benefit of the  
23 parties hereto and their respective successors and assigns.

24 10.12 **Integration.** This Consent Judgment constitutes the entire agreement of the parties  
25 with respect to the subject matter hereof and supersedes all prior agreements and understandings  
26 relating to the subject matter hereof.

10.13 ***Amendment.*** This Consent Judgment may be amended solely by written agreement signed by the Office of the Attorney General and the Defendant(s) affected by such Amendment.

10.14 **Termination.** Except to the extent an early date is specified or the provisions of this Consent Judgment are earlier terminated according to the terms hereof, the obligations of CFC under this Consent Judgment shall terminate on the Termination Date. Provided, however, that no termination of the obligations under this Consent Judgment shall change or terminate the terms of any loan modification entered into pursuant to Section III.4 of this Consent Judgment.

Date: \_\_\_\_\_

Judge of Superior Court

#### IV. CONSENT TO JUDGMENT

1 CFC states that no promise of any kind or nature whatsoever, other than what is  
 contained in this Consent Judgment, was made to it to induce it to enter into this Consent  
 Judgment and that it has entered into the Consent Judgment voluntarily.

2 CFC has fully read and understands this Consent Judgment, understands the legal consequences involved in signing it, asserts that this is the entire agreement of the parties, and acknowledges that there are no other representations or agreements not stated in writing herein and no force, threats, or coercion of any kind have been used to obtain its signature.

3 CFC represents and warrants that the person signing below on its behalf is duly appointed  
and authorized to do so.

DATED this \_\_\_\_\_, day of \_\_\_\_\_, 2008

DEFENDANTS:

COUNTRYWIDE FINANCIAL CORPORATION:

\_\_\_\_\_  
JIM CICCONE  
Executive Vice President, Deputy General Counsel

COUNTRYWIDE FINANCIAL CORPORATION,  
COUNTRYWIDE HOME LOANS, INC., AND  
FULL SPECTRUM LENDING, INC.:

\_\_\_\_\_  
Counsel for Defendants  
Countrywide Financial Corporation,  
Countrywide Home Loans, Inc., and  
Full Spectrum Lending, Inc.

APPROVED AS TO FORM AND CONTENT:

TERRY GODDARD  
Attorney General

By: \_\_\_\_\_

Robert Zumoff  
Senior Litigation Counsel  
Counsel for Plaintiffs

By: \_\_\_\_\_

Counsel for Defendants